

**DEPARTMENT OF STATE REVENUE****LETTER OF FINDINGS NUMBER: 01-0164P****Use Tax****Calendar Years 1998 and 1999**

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**ISSUE(S)****I. Tax Administration – Penalty**

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer is a limited partnership owned by an international specialty retailer with stores in the United States, Canada, the United Kingdom, France, Germany, and Japan. Taxpayer has two stores in Indiana. At audit, it was determined that the taxpayer failed to self assess use tax in 1998 and paid a minimal amount in 1999.

**1. Tax Administration – Penalty****DISCUSSION**

Taxpayer's audit report revealed that it failed to remit use tax on clearly taxable purchases and fixed assets.

Taxpayer states that it had an inability to accrue tax properly on fixed assets and store expenditures. In June 1999, it implemented a model which accrues tax on these types of purchases. Taxpayer requests a penalty waiver based upon the above statement along with its excellent filing history.

A review of the audit indicates the taxpayer had no use tax accrual system in place for 1998 and remitted a minimal amount in 1999 although it was registered with the Department. Taxpayer did not provide reasonable cause to allow a waiver of the penalty.

**FINDING**

Taxpayer's protest is denied.